

GX 1025 O

1/19/05 T.C.W. Sunny with Tress

DRL
FC: the \$97m loss in Q4

Volume +2561% → (9.4m shares)

1d more calls - after this experience - conference call.

Today reaction - triggered by VBS, Brem, WAC - fire -
But Andy Collins - wrote report surprise - b/c 11 pm CC, he didn't wait
for that.

Spoke to it - he trying to figure way / \$, 60 - well

2 lg shareholders - used to own 2m each - they do quantitative -

They sold. we believe 9.4m shares - sold entire in a way good - saw
a few

Blackout period - if p level - see a few riders buy 13 - wonderful
opp - for something that doesn't make sense

we thought were ↑ goal of earnings.

Be HCA prepared if LIBOR goes higher - / x tax benefit. Could take
tax benefit again - not same magnitude.

12% ETA For 05 and over \$2.50 - haven't done anything.

G.O.R. 7.20 LG - rem. at level. refi stayed more or less the
same. JLN Loan losses → lower Delta -

∴ Qual Red significantly.

Excellent &

I/O - would have to take 25m or 30m, not 97m -

2 BPs and on own - we always take lowest of 3.

We tried to be ahead of yld curve. - ∴ took valuation -
LIBOR + 150 Bp in next 12mths -

That's why didn't do that much hedging. Only Fed - bought
the 150 hedge.

Nothing to do w/ hedging.

Expected Fed Lkq x LD curve. Had the gain - assuming -
→ went to auditors - they gave justification b/c some are saying could
go to 150 BPs - ^{rate} increase

→ We assumed LIBOR - value in way rates 150bp. Talking only on portion
of 1/05.



only portion D-

Flating \rightarrow nothing to do w/ preprint - aspect - LIBOR

100bp

IF 100bps \$30m

Have we not tax savings - we would not have the \$77m

Accountant said conservative -

They wouldn't let go to 250 - LIBOR

He was upset b/c preference - he thought to others.
we told him we could do at 4pm - said at 11pm - Had he tried
write report - all would

No idea - how get out of this - follow up.

Kuszy - will evaluate estimates - Fee/ cap't exceeded in 05
and 06. Not look bad.

we believe 4m between these 2

ML - Q5

862-bn I/o strip as part of trading securities.

Who is trading out. Vol 2700x

What did you do re: assumptions.

Didn't you use the lowest assumption in Q3.

Did prepay speed As

Impact of (20%) adv A \approx \$53m. But here.

Was there a problem w/ the Hedge.

✓ Explain variance of (P) in I/o strip.
Did you have discretion not to break it down?

✓ Why should I think of tax benefit as offset to trading loss of (96.7m)

✓ Certain no hedge problem?

Is there flexibility in the valuation?

How much write down I/o?

GX 1026